



State Revolving Fund Loan Program

an Indiana Finance Authority Environmental Program

100 North Senate Avenue, Room 1275
Indianapolis, Indiana 46204
www.srf.in.gov

MEMORANDUM

TO: Prospective SRF Loan Participants

FROM: Bill Harkins

DATE: July 17, 2018

RE: New Indiana Law

Since 1991, the State Revolving Fund Loan Program (“SRF Loan Program”) has provided over 775 loans to over 380 Indiana communities for projects that have improved wastewater and drinking water infrastructure, created jobs and protected public health and the environment. The Indiana Finance Authority (“IFA”), which administers the SRF Loan Program, is bound by federal and state law in its oversight of the SRF Loan Program.

The Indiana General Assembly, during the past Legislative Session, passed Senate Enrolled Act 362, which became effective on July 1, 2018 and is codified at Indiana Code 5-1.2-10-16. The new law requires that all SRF Participants that receive a loan or other financial assistance from the SRF Loan Program certify that the SRF Participant has documentation demonstrating that it has the financial, managerial, technical, and legal capability to operate and maintain its water or wastewater system in the form of an Asset Management Program (“AMP”). The IFA looks forward to working with SRF Participants to facilitate a smooth transition in meeting the requirements of the new law. You will find AMP documents, including a certification form, a checklist, guidelines and guidance on the SRF Loan Program [web page](#), to assist your community with the development of an AMP.

One component of each SRF Participant’s AMP is the requirement to have audited financial statements prior to an SRF loan closing and every two years thereafter during the repayment of the SRF loan. The SRF Loan Program is offering a one-year grace period, from July 1, 2018 to June 30, 2019, during which time the SRF will accept a review, examination or audit of a SRF Participant’s financial statements (collectively, a “Report”) performed by the Indiana State Board of Accounts or another independent public accountant of a calendar year ending no later than three years prior to the SRF loan closing date.

Thus, for example, if an SRF Participant seeks to complete a financing with the SRF Loan Program between July 1, 2018 and December 31, 2018, the SRF Participant must submit to the SRF Loan Program a Report no older than for calendar year ending 12/31/2015; or if an SRF Loan Participant seeks to complete a financing with the SRF Loan Program between January 1, 2019 and June 30, 2019, the SRF Participant must submit to the SRF Loan Program a Report no older than for calendar year ending 12/31/2016. This follows SRF current practice.



In connection with financing a project with the SRF Loan Program on or after July 1, 2019, SRF Participant's must submit audited financial statements of the SRF Participant (an "Audit") performed by the Indiana State Board of Accounts or another independent public accountant of the calendar year ending no later than two years prior to the SRF loan closing date. The SRF Loan Program will no longer accept reviews or examinations.

Thus, prospective SRF Loan Program Participants are advised and encouraged to immediately undertake the steps necessary to assure an Audit(s) is performed at an early enough stage so as to not delay a future project financing with the SRF Loan Program.